

**MINUTES
BOARD OF TRUSTEES OF THE
PUBLIC EMPLOYEES' RETIREMENT FUND
143 West Market Street, Suite 500
Indianapolis, IN 46204
December 12, 2003**

EXECUTIVE SESSION

Trustees Present

Jonathan Birge, Chair
Richard Doermer, Vice Chair
Robert V. Welch

Trustees Absent

Garland E. Ferrell
Connie R. Thurman

Others Present

Craig Hartzler, PERF Executive Director
Bruce Kimery, PERF Deputy Executive Director/Chief Benefits Officer
Leisa Julian, PERF General Counsel
Representatives from CSC Corporation
Jeff Malamad, Bingham McHale

The Board met in Executive Session to discuss matters under IC 5-14-1.5-6.1(b)(7) and IC 5-14-1.5-6.1(b)(2).

REGULAR SESSION

Trustees Present

Jonathan Birge, Chair
Richard Doermer, Vice Chair
Robert V. Welch

Trustees Absent

Garland E. Ferrell
Connie R. Thurman

Others Present

Mary Beth Braitman, Ice Miller
Douglas Todd, McCready & Keene
Elaine Beaty, McCready & Keene
Allan Rachles, Crowe Chizek
Stephanie Braming, Mercer

Richard Boggs, Burnley Associates

PERF Staff

Craig Hartzler, PERF Executive Director

Bruce Kimery, PERF Deputy Executive Director/Chief Benefits Officer

Leisa Julian, PERF General Counsel

Michael Horstman, PERF Chief Financial Officer

Caroline Bradley, PERF Internal Auditor

Diann Clift, PERF MIS Director

Patrick Lane, PERF Communications Director

ITEMS MAILED TO THE BOARD PRIOR TO MEETING

- A. Investment Committee Agenda
- B. Investment Committee Minutes for November 14, 2003
- C. Board of Trustees Agenda
- D. Board of Trustees for November 14, 2003

I. APPROVAL OF MINUTES

MOTION duly made and carried to approve the Minutes of the November 14, 2003 Board of Trustees Meeting.

Proposed by: Richard Doermer

Seconded by: Robert Welch

Votes: Three in favor, 0 against, 0 abstentions.

II. OLD BUSINESS

- A. Document of Strategic Intent (DOSI). Mr. Hartzler explained that since last Board meeting, PERF had an all staff meeting and the DOSI was presented to staff. This document reflects the goals for PERF through 2009. Mr. Hartzler asked for Board to consider voting to accept the DOSI as the new plan for PERF and allow PERF to start to execute.

MOTION duly made and carried to accept the Document of Strategic Intent (DOSI).

Proposed by: Richard Doermer

Seconded by: Robert Welch

Votes: Three in favor, 0 against, 0 abstentions

- B. Compensation Plan. Mr. Hartzler recommended to the Board that the new salary schedule be adopted. The schedule was presented

at last Board meeting and no changes have been made. Under this schedule all PERF colleagues will receive \$884 in their base salary to cover health insurance costs. The two-percent proposed increase will break down to providing the lowest paid PERF colleagues the highest percentage raise. This would help to make those positions more attractive to both retain current talent, but also to attract new quality talent. Mr. Hartzler noted that this is currently budgeted. If this is approved, this will take effect for the December 31, 2003 paychecks.

MOTION duly made and carried to approve the new salary adjustment compensation plan.

Proposed by: Robert Welch
Seconded by: Richard Doermer
Votes: Three in favor, 0 against, 0 abstentions.

III. NEW BUSINESS

- A. Approval of New Unit/Expansion Applications. Mr. Hartzler outlined the list for the request for three new units and 24 enlargements. Mr. Hartzler noted that the PERF Board routinely reviews the list that the staff has recommended.

MOTION duly made and carried to approve the new units and the enlargements.

Proposed by: Robert Welch
Seconded by: Richard Doermer
Votes: Three in favor, 0 against, 0 abstentions.

- B. Legislative Update. Mr. Hartzler provided a briefing on the Bills that have been introduced. Mr. Hartzler noted that we have done four fiscal impacts. Mr. Hartzler noted that they will be monitored closely. Mr. Hartzler noted that as we get into the Session in January, Ms. Julian, Ms. Braitman and Mr. Todd will be providing routine updates to the Board.
- C. Appointments to the New IT Services Corporation. Mr. Hartzler noted that he spoke with Laura Larimer about being the alternating director and she agreed. Mr. Hartzler noted that if none of the PERF Board of Directors wants to be on this Board, he recommends that they consider Mr. Kimery and Ms. Julian for the remaining two appointments. Mr. Hartzler presented Resolution 03-09 to the Board, for consideration and adoption, appointing Ms.

Larimer, Ms. Julian and Mr. Kimery to the new IT Services Corporation Board.

MOTION duly made and carried to accept Resolution 03-09.

Proposed by: Richard Doermer

Seconded by: Robert Welch

Votes: Three in favor, 0 against, 0 abstentions.

- D. Proposal from Crowe Chizek. Mr. Hartzer commented that he talked to Mr. Rachles from Crowe Chizek about helping PERF create a Standard Operating Procedures Manual and also with PERF's data clean-up effort. Mr. Hartzer noted that Crowe Chizek was asked to provide a proposal for both of these services. Mr. Rachles outlined each proposal and the time needed to complete the work in an efficient manner without being disruptive to PERF. Mr. Rachles noted that Crowe Chizek will begin the work on Monday.

E. Committee Reports.

- Investment Committee Report. Chair Birge noted that the Board needs to approve the recommendations made during the Investment Committee meeting.

MOTION duly made and carried to approve the Investment Committee recommendations for Strategic Asset Allocation, the RFP for Small Cap Growth, the RFP for Transition Management and the memo on the CIO search.

Proposed by: Richard Doermer

Seconded by: Robert Welch

Votes: Three in favor, 0 against, 0 abstentions.

IV. REPORT OF EXECUTIVE DIRECTOR

- Mr. Hartzer presented to the Board a document that he and Mr. Lane created in preparation for questions that may arise because of the upcoming Kevin Scott sentencing. The document outlined PERF's accomplishments from the past year. Mr. Hartzer noted that with the guidance of the Board, the dedication and hard work of the PERF staff, PERF has accomplished a great deal.
- Mr. Hartzer noted that PERF will begin rejecting inaccurate or incomplete data received from employers on New Member

Applications and Quarterly Wage and Contribution Reports reducing PERF's error rates.

- Mr. Hartzer noted that PERF will soon launch a two-page application as opposed to the current five-page application. There has been positive feedback from employers that have seen the application. PERF thinks this will assist in minimizing the incomplete and inaccurate data.
- Mr. Hartzer also discussed the antiquated way that the majority of the Quarterly Wage and Contribution reports are submitted to PERF. Because they are submitted on green bar paper, they must then be manually entered into PERF's SIRIS system. PERF is working hard on getting this information submitted to PERF electronically from those governmental entities that are able to do so. Doing this will significantly decrease the error rate. Mr. Lane noted that PERF would make huge improvements quickly by targeting the larger employers first.
- Mr. Hartzer noted that PERF is in process of adopting a new logo the first of the year. Mr. Hartzer passed around a sample of what the stationery would like.
- Mr. Hartzer distributed a letter that will be sent from PERF to the Legislators explaining that they will be able to access a web site that allows them more flexibility with their accounts.

V. **ADJOURNMENT.** There being no other business, the meeting was adjourned.